

D-11

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

December 14, 2007

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 07od-164

OAHU

Issuance of Revocable Permit to King Center, Ltd. for Parking Purposes,
Honolulu, Oahu; TMK (1) 2-3-018:045.

APPLICANT:

King Center, Ltd., a domestic corporation whose business and mailing address is 2490
Kalakaua Avenue, Honolulu, Hawaii 96815.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Honolulu, Oahu, identified by Tax Map Key: (1)
2-3-018:045, as shown on the attached map labeled Exhibit A.

AREA:

1,970 square feet, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: B-2

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ____ NO
 X

CURRENT USE STATUS:

Encumbered by Revocable Permit (RP) No. S-3688, Herbert T. Hayashi, Permittee, for parking purposes. RP No. S-3688 expired by its terms upon the death of Mr. Herbert Hayashi. Accordingly, RP No. S-3688 was not included in the list of revocable permits submitted for a continuation on a month-to-month basis for another one-year period through December 31, 2008 approved by the Board November 16, 2007, agenda item D-1.

CHARACTER OF USE:

Parking purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

\$520.00 per month, based on staff appraisal dated November 30, 2007, attached as Exhibit B.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No.1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

The subject parcel was leased to Herbert T. Hayashi by Revocable Permit No. 3688 for parking purposes since 1965, to service in part the office property managed by the permittee. Mr. Hayashi passed away recently. The applicant, which is the company formed by the family to manage the office property, submitted an application to lease the same property for the same purpose. The proposed use is allowed by the county zoning.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions. There has been no other application received for the subject parcel and staff doubts that the parcel would have any viable utility to any other entity, other than the applicant.

The subject parcel cannot be disposed through a long-term lease because it does not meet the minimum lot size requirement. However, staff is exploring the possibility of selling the subject parcel as a remnant, due to its development limitations. Staff will bring the request for sale as a remnant, if appropriate, to the Board at a later date.

Department of Transportation and Department of Hawaiian Home Lands have no comments on the proposed disposition.

The following agencies have not responded as of the suspense date: Department of Health, State Historic Preservation Division-DLNR, Office of Hawaiian Affairs, Board of Water Supply, Department of Planning and Permitting and Department of Facility Maintenance of the City & County of Honolulu.

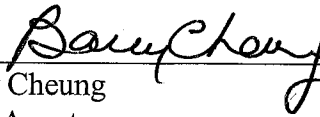
There are no other pertinent issues or concerns.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the issuance of a revocable permit to King Center, Ltd. covering the subject area for parking purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;


- b. Review and approval by the Department of the Attorney General; and
- c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

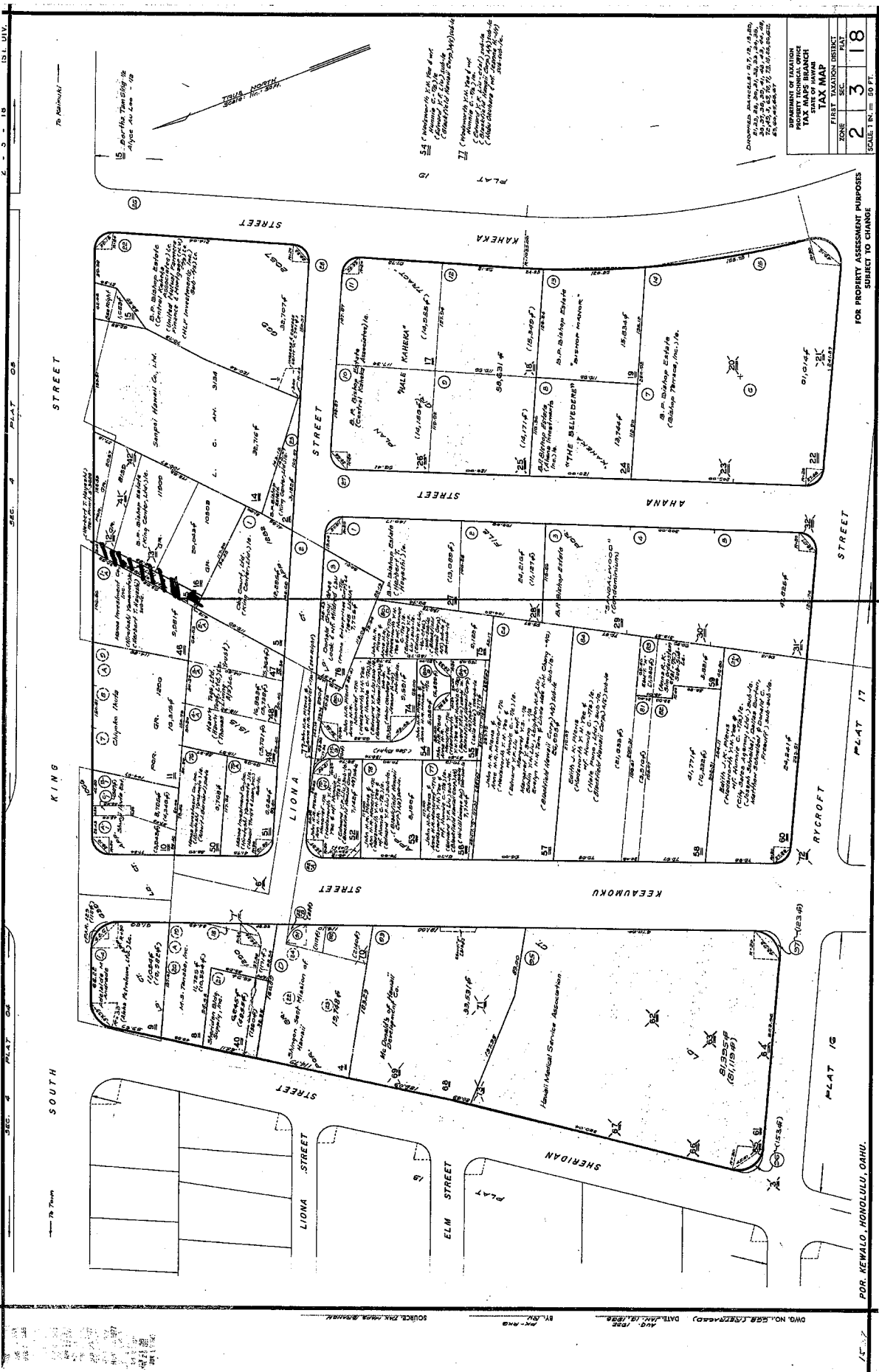


Barry Cheung
Land Agent

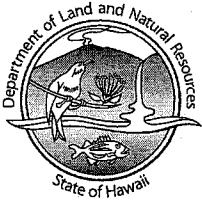
APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson



Subject Location



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

November 30, 2007

MEMORANDUM

TO: Laura H. Thielen, Chairperson

THROUGH: Morris M. Atta, Division Administrator

FROM: Cyrus C. Chen, Real Estate Appraisal Manager *Cyrus Chen*

SUBJECT: In-House Valuation Recommendation – Revocable Permit for Parking Purposes

PSF No.: 07OD-164
Applicant: King Center Ltd.
Location: Honolulu, Oahu, HI
Land Area: 1,970 sq. ft.
Tax Map Key: (1) 2-3-18: 45
Char. of Use: Parking

We have been requested to provide a monthly rent amount for the issuance of a revocable permit for parking purposes on the above-referenced property. This rent amount will be included in staff's submittal to the Board for approval of this permit and will not be effective unless such approval is received. The permit holder of RP S-3688, Mr. Herbert T. Hayashi, has recently passed away. The subject permit, by its terms, is not transferable. Staff intends to cancel this permit and issue a new permit to HTH Corporation.

Sales comparison approach was used to value the subject used for parking and access as displayed on Table 1. Three comparable land transactions were researched to derive fee simple land value of the subject BMX-3 zoned land. These transactions were verified via public records.

Adjustments to the comparables were considered where appropriate to compensate for differences with the subject. A research of resale prices of commercial zoned land indicates a rising market and therefore adjustments were made for time. An upward adjustment was made to Comparables No. 1 and 3 for frontage. The street frontage for these comparables was considered inferior to the subject's street frontage along S. King St. All the comparables were adjusted downward to compensate for the subject's long and skinny shape. A check of the Dilmore Size Adjustment Table, which indicates a correlation exists between the comparables at

EXHIBIT "B"

the 95% curve. Therefore, a size adjustment was applied. The comparables were then weighted depending on degree of similarity with Comparable 1 given more weight, resulting in a weighted value of \$127.04 per square foot. The concluded rounded unit value of \$127 per square foot was applied to the subject area, which amounted to a total subject value of \$250,200.

A rental rate of return of 2.5% on land value was used to reflect the passive access and parking use of the subject property. Rental calculation is displayed below.

Land Value:	\$250,200
Rate of Return:	<u>x 2.5%</u>
Annual Rent:	\$6,255
Monthly Rent (Div. by 12 mo.):	\$521.25
Rounded to:	\$520

Therefore, as of the date of this document, the monthly market rent for the revocable permit to HTH Corp. is recommended to be \$520 per month.

Special Conditions and Limiting Assumptions

- 1) Neither the subject property nor the comparables were inspected by the staff appraiser.
- 2) This appraisal does not comply with USPAP and is to be used for determining monthly RP rent for the subject property only.

Table 1

COMPARABLE FEE SIMPLE LAND TRANSACTIONS ADJUSTMENT SCHEDULE

King Center Ltd. Parking Site
Honolulu, Oahu, Hawaii
Tax Map Key (1) 2-3-18: 45

Transaction Number	Subject	1	2	3
First Division, Tax Map Key	2-3-18: 45	2-3-23: 8 & 34	2-4-4: 74	2-3-20: 6 & 7
Address/Street	King Street	1644 Kalakaua Ave.	1295-A S. Beretania St.	Kanunu St.
Location	Kewalo	Urban Core	Urban Core	Ala Moana
Land Area - Square Feet	1,970	7,529	3,000	6,071
Land Area - Acres	0.045	0.173	0.069	0.139
Zoning	BMX-3	BMX-3	BMX-3	BMX-3
Transaction Date		3-Oct-06	10-May-06	3-Jan-06
Instrument		Deed	Deed	Deed
Transaction Price		\$1,200,000	\$420,000	\$600,000
Cash Equivalent Sale Price		\$1,200,000	\$420,000	\$600,000
Indicated Fee Value Per SF		\$159.38	\$140.00	\$98.83
Terms of Sale Adjustment		<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Adjusted Price		\$159.38	\$140.00	\$98.83
Time Adjustment Factor		<u>1.03</u>	<u>1.05</u>	<u>1.06</u>
Time Adjusted Price Per SF		\$164.17	\$147.00	\$104.76
Adjustments (%)				
Frontage		10%	0%	20%
Physical Characteristics		<u>-25%</u>	<u>-20%</u>	<u>-25%</u>
Net Adjustments (%)		-15%	-20%	-5%
Adjusted Unit Value		\$139.54	\$117.60	\$99.52
Size Adjustment		<u>1.10</u>	<u>1.03</u>	<u>1.09</u>
Size Adjusted Unit Value		\$153.49	\$121.13	\$108.48
Weighting Factor		<u>0.30</u>	<u>0.40</u>	<u>0.30</u>
Product		\$46.05	\$48.45	\$32.54

Range of Values	\$108.48	to	\$153.49
Mean Unit Value	\$127.70	per sq. ft.	
Weighted Unit Value	\$127.04	per sq. ft.	
Concluded Unit Value	\$127.00	per sq. ft.	
Indicated Site Value	\$127.00	per sq. ft. x 1,970 sf =	\$250,190
		Rounded	\$250,200